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SUBJECT: AFGHAN WATER AND ENERGY MINISTER ISMAIL KHAN ON
INFRASTRUCTURE PRIORITIES

¶1. Ismail Khan, Afghanistan's Minister of Water and Energy, said there has to be more emphasis on building dams and water projects in his Sept. 29 meeting with Coordinating Director for Development and Economic Affairs, Ambassador E. Anthony Wayne and USAID Director William Frej. Wayne and Frej promised continued USG partnership and praised Khan's agreement to proceed with further commercialization of the Afghan electricity distribution system (which took place September 30). Ismail Khan has been working to postpone this transfer (Septel).

¶2. Also participating in the meeting were Deputy Minister for Water Sholauddin Ziaie, Embassy Kabul's Senior Deputy Coordinating Director, the Director of Embassy Kabul's USAID Infrastructure Office, and the Senior Water Advisor also participated. Khan's comments on the Afghan security situation are reported Septel.

PROGRESS ON ELECTRICITY

¶3. Ambassador Wayne noted the Afghan Government's decision to proceed with the transfer of assets from the old government electrical utility DABM to a new state commercial entity, DABS, and the importance the move has for undercutting corruption and for promoting the growth of Afghanistan's electrical system. The U.S., World Bank, Asian Development Bank, and other international donors have strongly advocated for the assets transfer. Ismail Khan and his ministry had previously been working to block the transfer of assets to the new electricity corporation. Note: the assets transfer took place Sept. 30, with Minister Khan participating (Septel). End note.

¶4. Khan appreciated the observation a visiting delegation from the Overseas Private Investment Corporation had made. Eighteen months earlier when some of the delegation members had visited Kabul, the houses on the mountainsides around the city were dark. Now, they had electricity, dramatically changing the way the city looks at night and showing how people's lives are improving. Khan noted that much of the increased electricity supply results from the new connection between Uzbekistan with Afghanistan and discussed the plans for shifting supplies in the coming months from other parts of the country to Kabul. The Minister also pressed USAID for faster progress on the USG-funded power generation plant outside Kabul.

BUT LOOKING FOR MORE FOCUS ON DEVELOPING WATER SUPPLIES

¶5. Answering Ambassador Wayne's questions about what the top priorities in the Minister's portfolio should be, Khan said dams. Technical and economic feasibility studies have been completed for small, medium, and large dams at various sites in Afghanistan. Their construction is essential, the Minister

continued, for development and also to build the public's confidence in the Government. Regulating water supplies is also key to developing the country's agricultural potential as well as hydroelectricity. Khan also reiterated a point he has made in previous meetings, i.e., that the USG has done excellent work in helping develop Afghanistan's road network, but our attention should shift to water systems development. (Note: the draft USG water strategy contains over a dozen small to medium multipurpose dams and the possibility of one large multipurpose dam in the North or West in addition to ongoing work in Kajaki and Darunta (South and East)).

16. Minister Khan noted that the Ministry has identified 17 priority dams with a total cost of over \$7 billion. (USAID already had the list of these projects.) He closed by expressing his strong confidence in the Afghan Government's partnership with the USG and he hoped his dream of managing Afghanistan's water resources will be realized. Wayne and Frej said that the USG looked forward to continuing partnership with the Ministry and explained that the new Kabul-based US infrastructure team of USAID and USACE was bringing to bear the expertise of US civilian and military engineers to identify high priority water and energy projects we could support.

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